

Exhibit 5

Asbestos Liability Coverage Analysis for Claims Against Vellumoid

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historically mesothelioma claims have experienced a one-year average lag between death/diagnosis and filing while lung cancer claims have experienced a two-year average lag between death/diagnosis and filing. Following these adjustments the output represents the number of mesothelioma filings (by industry and year of occurrence), and the number of lung cancer filings (by industry and year of occurrence).

Vellumoid Historical Claim Data

12. The forecasting approach began with a comprehensive analysis of the pre-petition claims against Vellumoid (“Historical Claim Data”). The Historical Claim Data was maintained by the Travelers Insurance Company (“Travelers”) and provided to ARPC in January 2002. The database was supplemented by a later extract sent to ARPC by Travelers in February 2003 and an earlier database dated 2001 that contained additional claim information.
13. Though the analysis conducted on the Historical Claim Data was extensive, ARPC did not perform an examination of the underlying source information provided by Travelers. Therefore, I did not independently validate the information on claims that Travelers administered. Rather, in accordance with the scope of this study, I relied on certain information disclosed or supplied by representatives of Travelers without audit or other detailed verification of their accuracy or validity.
14. The database contained records for approximately 68,000 unique asbestos claims filed against Vellumoid prior to the bankruptcy filing on October 1, 2001 (“Petition Date”).⁸ Less than 2% of these records contained specific disease allegations as most were listed as “Asbestos Related Disease”. To address these ambiguous or missing disease diagnoses, claimant matches were conducted against claim databases for other Federal Mogul (“FM”) defendants and the Manville Asbestos Personal Injury Trust (“Manville”). These matching procedures yielded stet 26,000 disease diagnoses for Vellumoid claimants. The FM and Manville matching procedures also provided claim filing/received data for claims missing this information in the Historical Data.
15. For the claims remaining with an unknown disease diagnoses following the FM and Manville matches, I distributed these claim into one of four disease categories (mesothelioma, lung cancer, other cancer, non-malignant asbestos-related disease) based on an analysis conducted on the Manville data. I identified the population of Manville claims originally filed with an unspecified alleged diagnosis. As these claims were reviewed and processed, the claim data was populated with evaluated and final disease diagnoses, thus transitioning the population of unknown diagnoses to valid disease categories. These transition probabilities were used to categorize Vellumoid’s unknown diagnoses into disease categories.

Calibrating Vellumoid Historical Filings to National Incidence

16. Similar to the experience of other asbestos defendants, historical claim filings against Vellumoid fluctuated over time. In order to properly account for such volatility I grouped the Historical Claim Data into calibration periods. A calibration period refers to a subset of years from which the relevant Historical Claim Data is extracted and then measured against the national incidence of mesothelioma and lung cancer produced by the Nicholson forecast. For Vellumoid, three calibration periods were developed (1999-2000, 1999-2001, 2000-2001). The use of more than one calibration period takes into account the uncertainty regarding which historical period of time is most relevant for estimating future filings. To estimate future filings, historical Vellumoid claim filings are compared to the national incidence of disease and a ratio of Vellumoid claims to national incidence is calculated.

⁸ The Travelers received approximately 9,000 claims in the 3 months following the Petition Date in 2001. ARPC believes that this is due to a potential lag between filing against Vellumoid and receipt by Travelers. These claims were included in the analysis and assumed to have been filed prior to the Petition Date.